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BK@AdamReedGrossman.com

Judge: Hon. Marc L. Barreca
Chapter: 7
Hearing Date: December 14, 2012
Hearing Time: 9:30 a.m.
Hearing Place: U.S. Courthouse
700 Stewart St #7106
Seattle, WA 98101
Response Date: December 12, 2012

FILED
Western District of Washington
at Seattle
DEC 13 2012
MARK L. HATCHER, CLERK
OF THE BANKRUPTCY COURT

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WASHINGTON

In re

ADAM R. GROSSMAN

CASE NO. 10-19817

DEBTOR'S OBJECTION TO TRUSTEE'S MOTION FOR ORDER AUTHORIZING SALE OF REAL PROPERTY LOCATED AT 20710 GLENNVIEW DRIVE, COTTONWOOD, CALIFORNIA FREE AND CLEAR OF LIENS, INTERESTS AND ENCUMBRANCES PURSUANT TO SECTION 363 OF THE BANKRUPTCY CODE

I. Introduction

1. COMES NOW Debtor, pro se, in opposition to the Trustee's motion for order authorizing sale of real property located at 20710 Glennview Drive, Cottonwood, California free and clear pursuant to Section 363 of the Bankruptcy Code.

2. The proposed plan continues the unfortunate pattern of engaging in activity which hurts creditors, the very parties having interests the Trustee has been selected and empowered to protect, far more than it helps them.

3. The proposed plan continues the unfortunate pattern of destroying wealth and having a seemingly intentional focus on best destroying wealth that could otherwise be available to benefit creditors.

4. For these same reasons, the plan is expected to the opposed by the Debtor.

5. For these same reasons, the plan is expected to the supported by the Trustee.

6. The conflict of interest between the personal interests of the Trustee (incl. professional staff) has now long projected that continued costs will not provide any benefit to creditors yet they continue. This is the definition of a breach of fiduciary duty in which the Trustee places the interests of others before his own personal interest.

7. Pursuant to F.R.B.P 9024[1] or 11 U.S.C. § 105[2] or 15 U.S.C. § 78(j)[3], or the relevant parts of The Securities and Exchange Act of 1933, Debtor moves the Court to deny the Trustee's Motion. F.R.B.P. 9024 expressly states that it "does not limit the court's power" to issue relief independently. The Court retains its broad powers pursuant to 11 U.S.C. § 105.

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[1] FRBP Rule 9024 allows for relief for reasons that include, but are not limited to, mistake, inadvertence, surprise, excusable neglect; newly discovered; fraud, misrepresentation, or misconduct by an opposing party; void antecedent judgment; or "any other reason that justifies relief."

[2] 11 USC § 105 - Power of court.
(a) The court may issue any order, process, or judgment that is necessary or appropriate... No provision ... shall be construed to preclude the court from, *sua sponte*, taking any action."
(d)(1) shall hold such status conferences as are necessary to further the expeditious and economical resolution of the case; and
(d)(2) unless inconsistent with another provision of this title or with applicable Federal Rules of Bankruptcy Procedure, may issue an order at any such conference prescribing such limitations and *conditions as the court deems appropriate to ensure that the case is handled expeditiously and economically...*

[3] 15 U.S.C. § 78(j), sometimes more commonly referred to by its analogue as "SEC Rule 10(b)-5", prohibits violations of federal anti-fraud securities laws. The laws are very broad.

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II. Overcoming Reluctance: The Securities and Exchange Act (1933)

Four score [in seven†] years ago...

THE SECURITIES AND EXCHANGE ACT OF 1933

†"in seven weeks"

8. The enactment of the Securities and Exchange Act of 1933 ("The Act") was a bold and courageous decision intended to restore credibility to the markets. For eight decades, it has mitigated the risks from the financial markets for middle-class consumers. It has allowed businesses to grow and to create jobs. It is a pillar of American commerce and industry. It is the foundation of our national economy. It has been the bedrock of our financial system.

9. Debtor moves the Court to address a primary issue permeating the estate: which is the misclassification of over $1/4m of other people's money in a legal proceeding in 2010 which hit the Jurisdictional Trifecta lacking subject matter jurisdiction, geographical jurisdiction, and personal jurisdiction all at the same time.

10. The Court's clear reluctance reflecting a discomfort is understandable. To the extent that a well-reasoned and purposeful leniency underlies the Courts'[4] inaction, this is commendable to a point. Such a well-reasoned purpose may unduly interfere with the more important purpose of ordering equitable relief for injured parties. When the errors remain uncorrected, the resulting cost is borne by other parties — precisely the people The Act was designed to protect. The intention to cause an insolvency was first announced by Karma Zaike in June, 2010, executed in November, 2010, finalized in December, 2010, not changed in January, 2011.

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[4] Both bankruptcy court and state court.

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11. The insolvency was disclosed in May, 2011,[5] and the description remains in the docket and will not go away. It does not only affect super-rich, ultra-high net worth individuals. Inaction will not prevent relief because it is a reporting inevitability.

12. The more discomfort the Court may feel, the sooner it should act. Parties who are not present in the court room during these proceedings rely upon those who are to look after their interests. The return of principal, other people's money ["OPM"] that belongs to them, is an equitable necessity.

13. Unlike other areas of law, anti-fraud provisions in securities law can apply to attorneys:

> The mere fact that one party generally may not be entitled to rely on the advice of counsel for another party is an insufficient reason to ignore the statutory rule prohibiting 'any person' — not excepting lawyers — from making material misrepresentations in connection with the sale of securities."[6]

14. Investors wait patiently for the return of their principal, to a point, and then react very predictably as was disclosed earlier this year[7] and described as "typical", "logical", and "inevitable": investors will be paid at 100% without a hair-cut, carve-out, or set-aside; plus interest; including all costs; and without further delay.

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[5] Dckt. No. 182-1, p6. 2nd Amended SoFa Q8, filed 5/26/2011. Estimated cost including litigation $580,000 described as "highly variable"; the accounting assumptions included then may not be the most likely accounting elections used. Debtor is not an accountant. Debtor relies upon accountants.

[6] Rubin V Schottenstein Zox, 1998 Fed App. 0136P (6th Cir). "It would allow an attorney to mislead investors with impunity. We cannot endorse this perverse result. Admission to the bar, if anything, imposes a heightened, not a lessened, requirement of probity." Id. "The misrepresentation... consisted of the legal position of the [defendant law firm's] clients." Verschell v. Pike , 445 N.Y.S.2d 489, 491 (App. Div. 1981).

[7] Claim No. 18-2, March 27, 2012,

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III. What If It Happened To Chuck?[8]

15. It may be difficult to feel the qualitative nature of this error. For illustrative purposes, consider the fictitious example of Charles R. Schwab, founder of the brokerage company that bears his name, who is a well know icon in pop culture. Suppose that the *personal* financial statements of Charles R. Schwab were prepared incorrectly:

> Mr. Schwab, here it says 'Charles Schwab' that is you, correct? Are you the Charles Schwab to whom this refers? I see a very large position in Amazon common stock. And, hey, congratulations on the opening of the new corporate headquarters in San Francisco just in time for Game 3 of the 1989 World Series.
>
> Now this report says the aggregate value of Amazon stock held in all Charles Schwab accounts is $10.5 billion. That is plenty for you to provide the bridge financing personally and we can even cover the lower Manhattan offices as well. Manhattan is low risk: they do not have earthquakes.

16. This an error and a very serious one that misclassifies customer assets held in a fiduciary capacity as Charles R. Schwab's personal assets, but they are not. The error arises because the name Charles Schwab is used both for personal assets and for business assets owned by other people.

17. This is exactly what happened to the Tanager Fund LP in 2010 when customer assets were misclassified as personal assets when they were actually business assets owned by other people.

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[8] Debtor discloses he was previously a contracted consultant to Charles Schwab & Co. and has cleared approximately 250,000 derivative contracts through the commercial divisions of the company.

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What If The Same Thing Happened To Chuck?

Featured Wall Street Weekend

Special Report To The Journal

The corporate insurance trial centering around Charles R. Schwab, founder and Chairman of The Charles Schwab Corporation ended as most pundits had predicted, but there were several points during the 20-day trial where the unseal subject matter clearly showed this was not just a typical, ordinary, insurance claim proceeding.

The center of the dispute is a fundamental question regarding the nature of property and the equitable rights to $1.8 trillion of assets kept by Charles Schwab & Co., Inc. Charles Schwab Bank, and the Charles Schwab Family of Funds.

Geneva Property

Geneva Property and Casualty Ltd. has maintained that the assets in these accounts are the personal property of Mr. Schwab and must be seized pursuant to his 1993 Reinsurance Collateralization agreement pledging all personal property against an unlikely event such as last year's Loma Linda earthquake in Los Angeles.

"The name 'Charles Schwab' was clearly shown across the top of every statement produced during discovery," said Tina Taker, chief attorney for the insurance giant. "The law is clear. The victims want to rebuild their homes and their lives. They want to move past this tragic event. Ms. Taker continued, "The biggest obstacle preventing this money from being disbursed to help victims of Loma Lama is 'Chuck' himself."

The Schwab Team

J. Paul Properties, leading the Schwab team countered: "Charles Schwab. & Co. is a financial services company holding customer property in customer accounts. of its customers. The assets in those accounts are no more Mr. Schwab's personal property than the candy bars in every supermarket are the personal property of Catherine Hershey IV.

"The segregation of customer accounts and company accounts has long been a requirement verified every year our company has been audited since 1974."

Mr. Properties continued, "The sanctity of SIPC insured brokerage accounts is a promise which generations of Americans have relied upon. Such assets represent our freedoms, our liberty, our heritage. They are not Mr. Schwab's personal assets. The are the assets of the people, earned by the people, for the people whose accounts are maintained Charles Schwab & Co."

Judge Jameson's decision is expected next week.

SCHWAB

Background

Charles R. Schwab, 73, started his San Francisco-based firm in 1971. Today, the company is the nation's largest discount broker a leading financial services firm with around $1.89 trillion in client assets.

Mr. Schwab has been Chairman and a director of The Charles Schwab Corporation since 1986 and is also Chairman of Charles Schwab & Co., Inc. and Charles Schwab Bank, and a trustee of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust and Schwab Annuity Portfolios, all registered investment companies.

TALK TO CHUCK

Along with his wife Helen, Mr. Schwab is the co-founder and chairman of the Charles and Helen Schwab Foundation, and serves as chairman of the San Francisco Museum of Modern Art

He is the author of several books, including a completely revised and updated version of his 1998 work, Charles Schwab's Guide to Financial Independence.

Mr. Schwab was born in Sacramento in 1937. He is a graduate of Stanford University, earning a Bachelor of Arts degree in economics in 1959 and a Master of Business Administration degree from Stanford Graduate School of Business in 1961. A father of five children, Mr. Schwab resides with his wife, Helen (O'Neill), in the San Francisco Bay Area.

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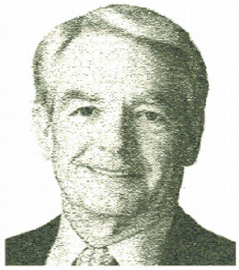

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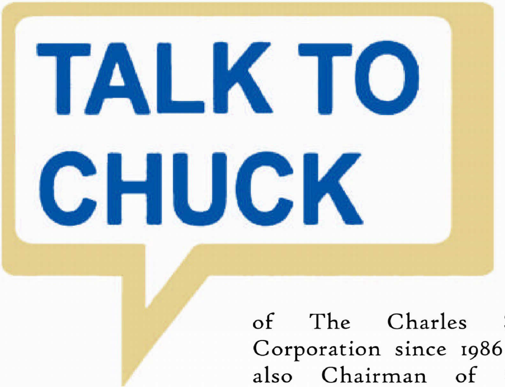

of The Charles Schwab Corporation since 1986 and is also Chairman of Charles Schwab & Co., Inc. and Charles Schwab Bank, and a trustee of The Charles Schwab Family of Funds, Schwab Investments, Schwab Capital Trust and Schwab Annuity Portfolios, all registered investment companies.

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TALK TO CHUCK

charles SCHWAB

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18. Karma Zaike, Jennie Laird, and Jill Borodin are among the people including no fewer than six officers of the court who, in coordinated efforts, at different times, agreed in advance and subsequently employed a device, scheme, or artifice to defraud investors[9] in the Tanager Fund LP.[10]

19. Shelley Crocker has provided information to oppose the return of property belonging to other people that was incorrectly obtained as a result of clerical error, in violation of controlling investor agreements, and prohibited by governing state law.

20. Trustee Ronald G. Brown through his attorney Denice E. Moewes has represented to the Court a fraudulent accounting based upon false information that claims that the Trustee controls "100%" of the ownership interest in the Tanager Fund LP and "100%" ownership interest in the Ptarmigan Fund LLC. These two statements made together for the purpose of establishing ownership, title, or authority, cannot be true.[11]

21. Karma Zaike suborned perjury from her client Jill Borodin on the letterhead of Law Offices of Michael W. Bugni PLLC for the purpose of presenting a false representation related to the purchase or sale of federally regulated securities to

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[9] A curious reader interested in confirming the impossibility of the fraudulent accounting may accelerate the process of forensic accounting by proceeding directly to account statements for the Tanager Fund LP in May 2010 ending in xxxx-x376 and xxxx-x065 and asked to answer, "Who owned the money on the wire?"

[10] ...and directly or indirectly, undertook a series of actions, or fail to perform actions, using an instrumentality of interstate commerce, by the mail, using wires across state lines, and through the Chicago Board Options Exchange made untrue statements of a material fact and omitted and suppressed statements by others of material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and did engage in acts, practices, or courses of conduct which operated in connection with the purchase or sale of securities as a fraud or deceit upon the majority of individuals in the present case named as creditors.

[11] Balanced, GAAP compliant

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obtain a fraudulent judgment of $215,009 — a claim covered by D&O insurance and indemnification provisions and, ultimately, borne by investors.

IV. Transferred Assets

22. Karma Zaike, Kristyna Larch, and Jill Borodin agreed in advance to undertake a series of actions and did commence many of them including actions by Kristyna Larch who through her appointment to the trusted position of Commissioner-In-Fact did execute a grant deed on January 4, 2011, recorded on January 7, 2011, in Shasta County, CA, becoming the immediate transferee of the real property located at 868 Montcrest Dr, Redding CA. (See Appendix 1 for additional details.)

V. Financial Statements as Governing Documents

23. The governing documents for ownership have traditionally been the financial statements of private companies, which are Sarbanes-Oxley-certified, GAAP-approved, SEC-compliant, and subject to the full force and effect of The Securities and Exchange Act of 1933, as amended, along with public records including court orders issued by a court of competent jurisdiction in proceedings where the owners were a party.

24. Claim No. 18-2, March 27, 2012, describes in detail why it is fraudulent to classify a 100% interest of the Glennview Dr. property free and clear as belonging to the estate. It also explains why the Trustee's attorney's testimony, "Montcrest is not part of the estate" is coincidentally true — albeit for accidental reasons unknown to her at the time of the testimony. Even a broken clock is correct twice each day.

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25. With some fear of sounding like a broken record, having started 2010, with an interest of 170,637 capital units in the Tanager Fund LP as shown on the 2009 CPA-prepared K-1's, there was simply no possible way to have ended 2010 with $484,000 of real estate purchased using the proceeds from the redemption of this interest as Karma Zaike and Jill Borodin have continued to fraudulently maintain. In 2010, the unit price started at $1.3209/unit and closed at $1.2499/unit. At no point did the price reach a level where 170,637 capital units was ever worth $484,000. Since the general partner had announced the closing of the Fund with advance notice, there were no deposits to the capital accounts of any partner in 2010. (See Appendix 4)

VI. Clawbacks: Partnership Resolution of Losses

26. The set-aside requirements for any liquidating partner, receivership, or trustee wishing to qualify for the safe harbor provisions[12] limiting personal liability are very simple and there are three of them: (i) pay creditors before investors; (ii) set aside enough money for expected creditor claims — both known and unknown — with a 10-year look ahead; and (iii) pay investors last and in proportion or however else specified by partnership agreement and applicable state law.

27. If the Tanager Fund LP incurred unaccounted for losses subsequent to paying all partners equally proportionally, partners who redeemed at an incorrect, higher, earlier price will have their excess distribution "clawed-back" so that all partners receive in the end the same proportional return on their investment.

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[12] 6 Del. C § 17-804

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VII. Requested Relief

28. While the prospect of paying bonus returns to investors using treble damage awards has an obvious allure, the more modest goal of repayment in full only once may be more practical.

29. Debtor moves the court to deny the Trustee's motion for reasons previously stated.

DATED this 12th day of December, 2012.

Adam R. Grossman
pro se

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VIII. Appendix 1: The "Secret Deed"

30. First State Court Report. Karma Zaike was on January 12, 2011, ordered by King County Commissioner Isaak Pomeranchuk to contact trustee Ronald Brown, inform him of the state court order that was validly entered into the King County image scanners, "obtain information from the bankruptcy trustee" that the state court had full jurisdiction over the California property, and that Debtor could lawfully execute a transfer deed post-petition, without authority of the bankruptcy court, and for no consideration which was intended to serve as a "back-up" solution in the event that staff at the Shasta County Recorder's office ever rejected the deed executed by Kristyna Larch and recorded January 7, 2011, for the reason that the Washington had not granted her the required authority to execute California deeds on behalf of Delaware companies. (See Appendix 2)

31. Karma L. Zaike pursuant to a court order directing her to seek the opinion of trustee Ronald Brown, on or before January 26, 2011, reported that she had contacted him to obtain his opinion regarding the authority of the state court to order the transfer[13] of real property Karma Zaike was ordered to report the Trustee's answer to the state court and relayed that Ronald Brown had not been able to inform her whether he would authorize the transfer. Karma Zaike particularly noted helpful details for the benefit of the court regarding their communication including that Ronald Brown in response to the question was able to locate the case file, or recall it from memory, in

[13] Transferred and recorded on January 7, 2011, already.

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order to be able to mention "fees" that were unpaid in conjunction with his answer and cited this as a reason more details were not shared.

32. **Second State Court Report**. Adam R. Grossman was then ordered by the state court which to seek out .the opinion of the trustee Ronald Brown. On February 1, 2011, Adam Grossman arranged a telephone conference call with Ronald Brown who had, in the intervening days, sought legal advice to assist in rendering an opinion for the legal question. The telephone conference was for the agreed-upon purpose of obtaining the opinion of the trustee to report back to the state court as ordered. The parties' attorneys participated in the open conference call regarding legal issues and at the time neither Ronald Brown nor Denice Moewes was then willing to authorize the transfer of property nor provide a written opinion to the state court.

33. On February 3, 2011, Adam R. Grossman did file under "Supplemental Declaration" with the King County Superior Court, Case #09-3-02955-9, February 3, 2011, two signed descriptions of the opinion of the trustee as directed by the court. One said in part, " 'I don't know if state court has authority to impose [any] judgments' 'You can't transfer property without approval... from us.' 'I don't think the state court has jurisdiction to do it' "; the other said in part, " '...the general opinion that you no longer have any authority', 'do not have authority... other than to buy gas and groceries' and 'Mr. Brown and Ms. Moewes were not then willing to authorize you to perform acts authorized by the state.' " (See Appendix 3)

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IX. Appendix 2 – Grant Deed executed by Kristyna Larch

January 7, 2011

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL DOCUMENT AND TAX STATEMENT TO:

NAME Jill I. Borodin
STREET ADDRESS 6821 39th Ave NE
CITY, STATE & ZIP CODE Seattle, WA 98115

2011-0000736

Recorded Official Records County of Shasta Leslie Morgan Assessor-Recorder | REC FEE 14.00

01:40PM 07-Jan-2011 | Page 1 of 1

TITLE ORDER NO. ESCROW NO. SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY

GRANT DEED

APN: 117-460-074

The undersigned grantor(s) declare(s)
DOCUMENTARY TRANSFER TAX $ 0 - Not required per Rev & Tax Code 11927
☐ computed on full value of property conveyed, or
☐ computed on full value less liens and encumbrances remaining at time of sale.
☐ Unincorporated Area City of Redding, California

FOR VALUABLE CONSIDERATION receipt of which is hereby acknowledged, I (We)
Adam R. Grossman, an unmarried man

hereby remise, release and grant to
Jill I. Borodin

the following described real property in the City of Redding, County of Shasta
State of California, with the following legal description:

Lot 24, AS SHOWN ON THE MAP OF VISTA RIDGE ESTATES, UNIT 2, FILED FOR RECORD JULY 9, 2004 IN BOOK 23 OF MAPS AT PAGE 48, SHASTA COUNTY RECORDS.

1/4/11
Date

Kristyna Larch, Commissioner in Fact pursuant to King County Cause No. 09-3-02955-9

STATE OF Washington
COUNTY OF King

On 1/4/11 (Date) before me, Dona Harris, Notary (Name and title of the officer)
personally appeared Kristyna Larch, Commissioner in Fact, KCCN 09-3-02955-9 (Name of person signing), who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature of officer

DONA L. HARRIS
NOTARY PUBLIC
STATE OF WASHINGTON
COMMISSION EXPIRES
JUNE 27, 2014

MAIL TAX STATEMENT AS DIRECTED ABOVE

* There are various types of deed forms depending on each person's legal status. Before you use this form you many want to consult an attorney if you have questions concerning which document form is appropriate for your transaction.

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X. Appendix 3 - Conference Call With Trustee

February 1, 2011,
Pursuant court order to report "the opinion of the trustee"

LAW OFFICE OF MATTHEW D. O'CONNER

8011 GREENWOOD AVENUE NORTH • SEATTLE, WASHINGTON, 98103-4228
TELEPHONE: (206) 782-0722 • FAX: (206) 783-0233 • WEB: www.mdoLaw.com

February 3, 2011

Adam Grossman
5766 – 27th Ave. NE
Seattle, WA 98105

Re: Your Chapter 11 Bankruptcy, case no. 10-19817-SJS

Sent via email to: arg@adamreedgrossman.com

Dear Adam,

You are no longer the trustee of your bankruptcy case as a result of the court order dated December 22, 2010 appointing a trustee (Mr. Ronald Brown; see attached) over your estate.

As you will remember, your ex-wife petitioned the court on October 22, 2010 to have a trustee appointed in your chapter 11 bankruptcy case.

Mr. Brown moved the Court to have an attorney appointed to represent him and Denice E. Moewes was appointed by the Court on Jan. 31, 2010 (see attached).

During a phone conference on Tuesday, February 1, 2011, between myself, you, Mr. Brown and Ms. Moewes, both Mr. Brown and Ms. Moewes provided the general opinion that you no longer have any authority to execute deeds or transfer assets. I am sure you remember them saying that you do not have authority to do "anything" other than to buy gas, groceries, and things of that nature.

Mr. Brown and Ms. Moewes were not then willing to authorize you to perform acts ordered by the state court and Ms. Moewes said that she needed time for further investigation to be able to provide more specific answers for whether and how you can comply with these orders consistent with bankruptcy law as applied to your case. I have not yet heard from Ms. Moewes regarding her findings.

I believe a realistic time frame for receiving those answers from Mr. Brown and Ms. Moewes is some time next week (perhaps February 7-11, 2011).

Finally, it seems a bit incongruous that your ex-wife moved for the appointment of a chapter 11 trustee and now is unhappy with that fact that you are not able to transfer property because you have a chapter 11 trustee. Go figure.

Sincerely,

Matthew D. O'Conner
Attorney at Law

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Since the last hearing, the earliest time I was able to schedule any meeting with Ron Brown, trustee, Denice Moewes. Matthew O'Conner, and myself was Tuesday, February 1. I was available at any time. The four of us spoke by telephone conferencing.

According to my notes from the conference call, which may have errors, Mr. Brown or Ms. Moewes said:

- **Ms. Moewes said she needs to look into these issues and will get back to Mr. O'Conner and me Wednesday afternoon [Feb 2] which I believe is likely Thursday at the earliest.**
- **Overall, they reported I generally have no authority to do anything.**
- **"You can't transfer property. You cannot release liens. You can't sell, refinance, dispose, rent, sign any contract without approval through Mr. O'Conner from us."**
- **"I don't think the [state] court has jurisdiction to do it."**

Kin

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- **"I don't know if state court has authority to impose [any] judgments."**
- **All subject to... "I need to investigate and get back to you."**
- **[The court cannot order a bank to perform an action, such as approving a loan or removing a cosignatory from a loan, if it is not party to an action. -Adam Grossman rephrasing]**

Attached is my attorney's recollection of their positions in the meeting. See **Exhibit 1**.

I respectfully request a continuance of two weeks since opposing counsel was unable to obtain any material information when ordered by the court and I have tried, and report some preliminary information, regarding what I am and am not authorized to do regarding my open bankruptcy case without violating the law. In fact, I was mildly rebuked for my too frequent contact with the trustee and requests for information.

I again remind the court that Petitioner requested the appointment of a trustee, which I opposed, thereby creating the delays of which Petitioner now complains.

I declare under penalty of perjury under the laws of the State of Washington that the foregoing statements are true and correct to the best of my knowledge.

Dated this 2nd day of February, 2011, in Seattle, Washington.

Adam R. Grossman

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time it was made is different from or even the opposite of a statement that is also truthful and accurate made at another time.

Accounting Issue #3

Follow The Money

An accurate accounting of funds that exactly matches the Superior Court's decree is not possible but the reconciling of accounting entries in accordance with the Superior Court's decree is illustrative. The 2009 K-1's for all accounts owned by my family are shown on our tax returns and have been disclosed to the court as have been the internal records that are consistent with the those K-1's. Excluding the children's accounts having very little relative value and were ordered by the court to remain untouched, the entire sum of all community property units (and separate property units -- there were none) in the Tanager Fund held directly or indirectly through a business entity was 170,637 capital units at the end of 2009. There was no other source of community property that I could have converted into community property units, there is no other way to create community property units except via gift which I did not then do, and there are were not deposits of community property during the year. At the beginning of the 2010, our starting balance was therefore 170,637 units.

Effective Date	Asset	Units	Total Units
2009-12-31	Ending 2009 K-1's	170,637	170,637

The Superior Court by decree stated that on May 20, 2010, I purchased the property located at 20710 using community property money. The purchase price was $255,000 and the wire specifically cited by the court as community property money was for $255,000. Based on the then unit price, this required a redemption of 265,808 capital units and even if no other distributions had been requested and paid, which there were, and with no deposits we only had enough units to purchase a 64.20% interest in the house using Partnership owned units for the remaining 35.6% interest in the house. This used up all of our capital units.

Effective Date	Asset	Units	Total Units
2009-12-31	Ending 2009 K-1's	170,637	170,637
2010-05-31	Glennview Dr (64.20% Interest)	-170,637	0

That was all we could buy and Superior Court decreed that we bought it. As a result, we did not have the units to be able to purchase even this house with community property (64.2% interest along side Partnership) and no other purchases could have been made such as community property,

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